

1. Acquisition of a light industrial / logistics asset in Denmark
2. Completion of the divestment of two light industrial / logistics assets in Germany

18 October 2022



FOCUS ON STRENGTHS | PIVOT TO LOGISTICS

1. Acquisition of multi-let light industrial / logistics asset in Copenhagen, Denmark





Sognevej 25, Brøndby, Copenhagen,
Denmark

Sognevej 25, Brøndby, Copenhagen, Denmark

CEREIT's first light industrial / logistics acquisition in Denmark since listing, further building scale in one of Europe's most attractive logistics markets

Property type	Light industrial / logistics
Purchase price	DKK 117.4 million (approximately €15.8 million ¹ or S\$22.3 million ¹)
Purchase date (take-over date)	14 October 2022
Land lease tenure	Freehold
Site area (sqm)	41,649
Floor area (sqm)	22,842
NOI² yield	9.1%
Occupancy	29% (+ one-year rent guarantee on remaining area)
WALE	1.1 year (includes the rent guarantee and the existing tenants on 3-7 year leases)

 **€15.8 million**
Purchase price

 **46%**
Below replacement cost

 **9.1%**
NOI yield²



Highlights

- **Economies of scale:** The asset has excellent specifications and offers synergies with CEREIT's two adjacent assets, Priorparken 700 and 800, in the same business park in Copenhagen
- **Upside potential:** The 9.1% NOI yield reflects the one-year rental guarantee on the vacant space (71%), leading to a short WALE of 1.1 years and the 8,000 sqm of combined office space attached to the warehouses; the Manager is confident that Cromwell's experienced on-the-ground asset management team will be able to achieve above 80% occupancy in the next 12-18 months. As an example, CEREIT's adjacent assets were at similar low occupancy level in February 2021 and was similarly lifted to 86% in the span of 18 months.
- **ESG enhancements:** The Manager plans to improve the ESG credentials of the asset (largely built between 1995-1997; current EPC equivalent rating B), such as by creating bio farms to attract bees and birdlife, improving habitat amenity for employees on site, installing solar panels and electrical vehicle charging ports and obtaining green building certifications.
- **Attractively priced:** Off-market purchase price of DKK 117.4 million (approx. €15.8 million¹) is at a 7% discount to Savills' independent valuation and, based on the capital value of €692/sqm, is at a 46% discount to replacement cost³.
- **Competitively funded:** Largely funded by the proceeds from the divestment of two German assets, with a combination of existing cash balances and revolving credit facility used to bridge the timing difference.

Strategically situated 8km west of Copenhagen CBD

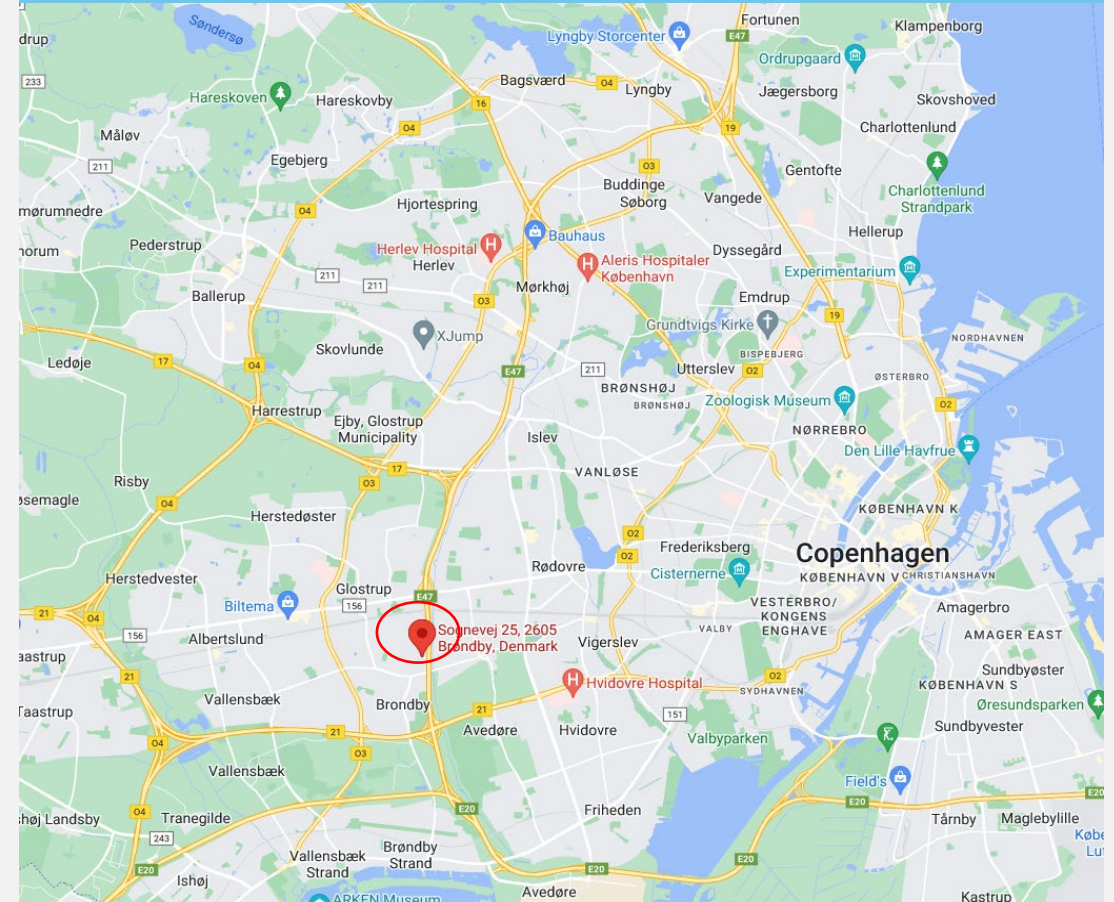
Adjacent to CEREIF's two existing assets, Priorparken 700 and 800, in a well-established business park

Located in a well-established business park

- Situated in Priorparken, a well-established business park within the capital region of Denmark located in the populated parts of the Brøndby region of Copenhagen
- Located right next to the *Motorring 3* motorway which is part of the North South E47 / E55 freeway. This motorway connects with E20 East West freeways and provides easy access to the Greater Copenhagen motorway network
- Close proximity to the main road *Roskildevej* with direct access to Copenhagen

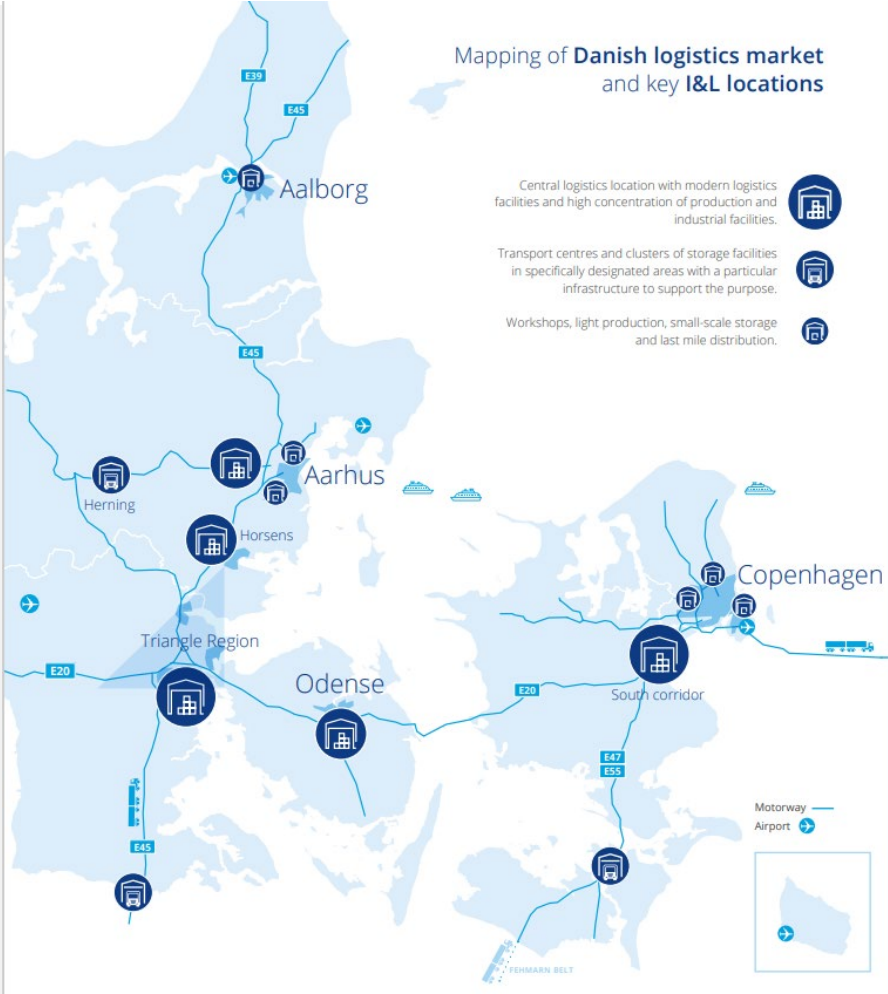


Good connectivity to major motorway networks



Well located near key motorways and distribution infrastructure

Improving rail and road links with Germany, Copenhagen and Sweden/Norway; Fehmarnbelt tunnel due to open 2029 to create direct link to Copenhagen/Nordics

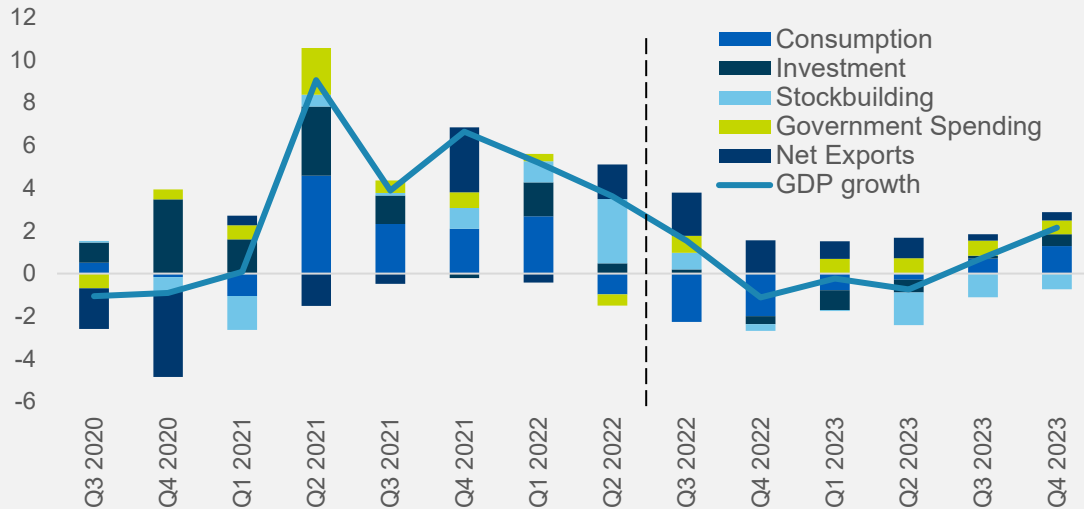


Denmark: economic overview

A modern economy characterised by a stable economic and political system and high standards of living

- Attractive for domestic and foreign investors; the service sector accounts for almost 80% of GDP
- Net exporter of food and energy, very low net foreign government debt and high AAA credit rating from S&P
- Unemployment in 2021 was 3.7% and is forecast to reach a 10-year low of 2.6% in 2022, before rising to 3% in 2023 and trending at around 2.3% in the long with rising energy costs and tightening financial conditions, much like the rest of the European economies, Denmark is expected to enter a shallow recession in 3Q 2022, ending in 1Q 2023

GDP growth and contributions¹ (%)



1. Source: Oxford Economics, 3Q 2022

GDP: energy shortages weigh on growth

↓	0.9%	2Q 2022 (q-o-q)
	2.3%	2022 forecast (y-o-y)

CPI: rising food and energy prices

↑	3.3%	2Q 2022 (q-o-q)
	7.6%	2022 forecast (y-o-y)

Interest rates: interest rates move with the ECB

↑	0.0%	2Q 2022
	1.6%	2022 forecast

Unemployment rate: expanding labour force

↑	2.6%	2Q 2022
	2.6%	2022 forecast

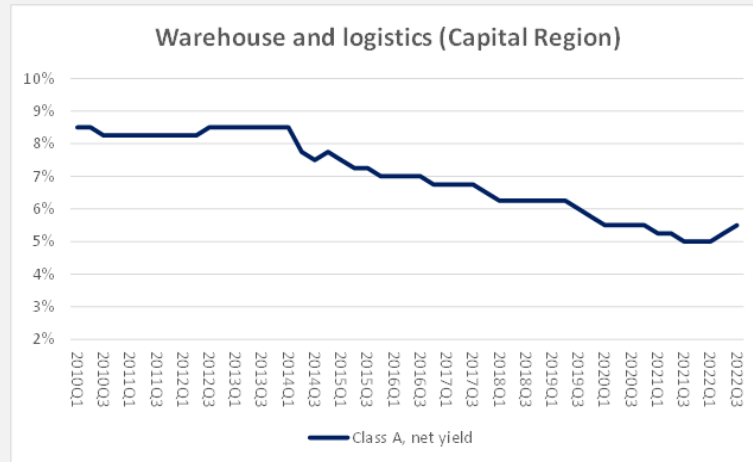
Resilience of the logistics sector in Copenhagen

Occupational demand is underpinned by robust fundamentals

Investment market

- 1H 2022 Copenhagen industrial investment volumes were DKK 3.1 billion compared to DKK 6.0 billion in 2021, almost equally acquired by domestic and foreign investors
- Higher net yields for Class A of up to 50bps have occurred in the last quarter with recent rise in interest rates
- Well located secondary warehouses recently transact for 7-7.5% net initial yields

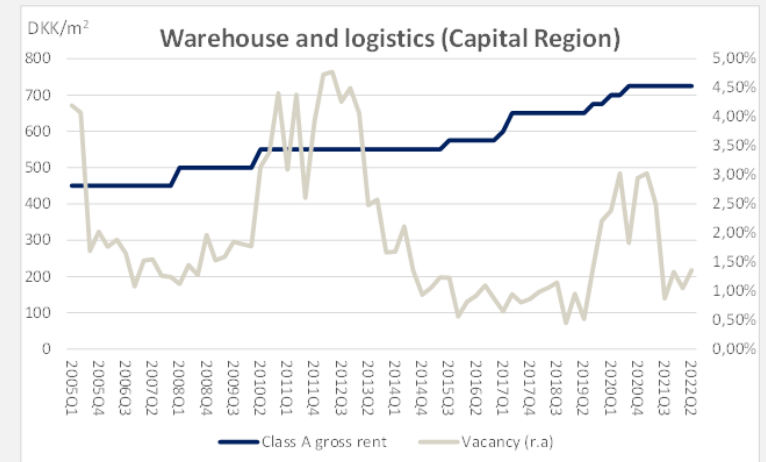
Investment in industrial & logistics



Occupier market

- 2Q 2022 vacancy stands at 1.4% for Copenhagen and 1.5% across the greater region, with limited options available for occupiers seeking space
- This takes into account the 1.2 million sqm of new warehouses developed in Copenhagen between 2019-2022 which were readily absorbed
- Grade A modern warehouse rents are at DKK700-750/sqm, while secondary warehouse rents are at DKK500-550/sqm

Investment in industrial & logistics



2. Completion of the divestment of two light industrial / logistics assets in Germany



Divestment of two light industrial / logistics assets in Germany

€11.0 million total consideration; divestment at a 71% premium to purchase price and 8.4% premium to most recent valuation

An der Steinlach 8-10, Bischofsheim, Germany



- 50-year-old commercial and logistics park with 7,158 sqm net lettable area, 25 loading docks and service facilities
- Acquired at listing on 30 November 2017, for €3.5 million (approximately S\$4.9 million¹) and divested for a consideration of €6.0 million (approximately S\$8.5 million¹)

Kinzigheimer Weg 114, Hanau, Germany

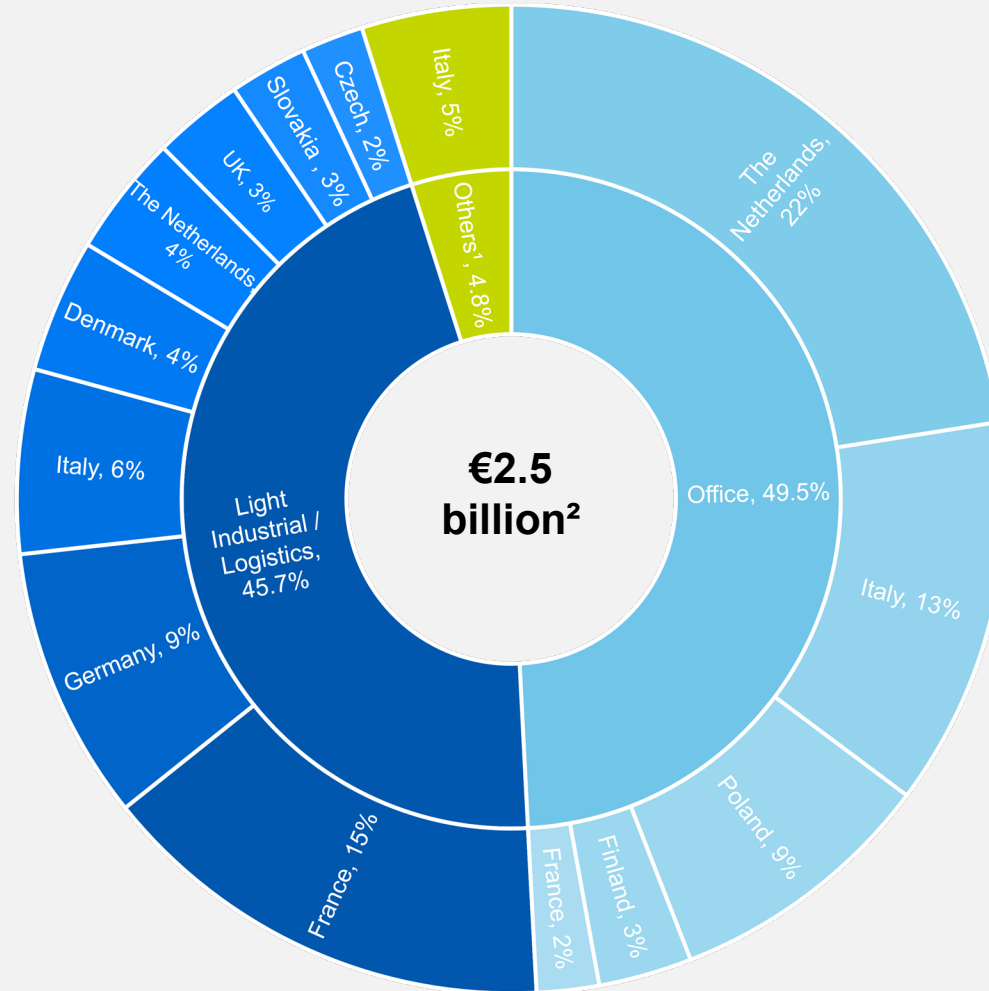


- 51-year-old business park comprising a three-storey office block and a single-storey warehouse with attached set of small office suites
- Acquired at listing on 30 November 2017 for €2.9 million (approximately S\$4.1 million¹) and is divested for a consideration of €5.0 million (approximately S\$7.0 million¹)

CEREIT's current portfolio composition

Transactions bring portfolio weighting in light industrial / logistics to 45.7%, a step closer to CEREIT's goal of a majority weighting to this sector

- CEREIT has acquired ~€108 million in light industrial / logistics assets³ (at a 7.4% blended NOI yield) in the year-to-date ("YTD")
- CEREIT has divested four assets YTD, including:
 - one office asset in Finland for €16.2 million (at 5.4% above independent valuation and 20% premium to purchase price)
 - two light industrial / logistics assets in Germany for €11 million (at 8.4% above independent valuation and 71% premium to purchase price);
 - a small warehouse unit contained within the CLOM logistics asset in Italy for €2.8 million (70% higher than the apportioned value of the most recent valuation as at 31 December 2021).
- In addition, one further divestment of a light industrial / logistics asset in France for €11 million (at 8.4% above independent valuation and 59.4% premium to purchase price) has been announced, with expected completion in 4Q 2022



Disclaimer

This presentation shall be read only in conjunction with and as supplementary information to Cromwell European Real Estate Investment Trust's ("CEREIT") announcement dated 18 October 2022, published on SGXNET, relating to "Cromwell European REIT Acquires a Strategically Located Logistics Asset in Copenhagen, Denmark for DKK 117.4 million (€15.8 million); Recently Completed Divestment of Two Non-Core Logistics Assets in Germany for €11.0 million".

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